

Minutes of Citizens' Bond Oversight Committee
Meeting of October 28, 2005
9:00-10:15 a.m. * 211 Ridgway Ave.

Call to Order

Chair Jack Atkin called the meeting to order 9:00 a.m. and asked for public comments. There were none.

Attendance

Oversight Committee Members Jack Atkin, Lee Tipon, William Keck, Carla Wiles, Dana Rudy, Sharon DeMartini and Michael Metela; Staff Members Doug Bower and Louise Bostrom. Absent Committee Members: Patty Collis (due to the change meeting date), Ronald Scoggins and Hanah Bjorklund.

Minutes of March 18, 2005 Meeting

Ms. Rudy moved and Ms. DeMartini seconded approval of the minutes of the March 18, 2005 meeting as presented. Mr. Atkin asked that first-name-only references in the minutes be changed to last name preceded by Mr. or Ms. as appropriate. All agreed and the motion carried 7-0.

Introduction of Members

The new members of the committee, Ms. Rudy, Ms. DeMartini, Mr. Metala and Ms. Wiles, were introduced. Their applications were approved by the Board of Education on April 13, 2005. Ms. Bjorklund was also approved for membership but she has since advised that she will be unable to participate.

Status Report on District Projects

Mr. Bower presented the Elementary and Secondary District Facility Master Plans to the Committee that were approved by the Board of Education on June 22, 2005. He explained that these documents combine funds from Measures B & C and other sources in order to create a comprehensive document for planning and accounting purposes. Mr. Bower reviewed the cash flow figures in the master plan and pointed out that the final sale of bonds authorized by Measures B & C occurred last spring. Mr. Atkin questioned whether the bonds could have been sold later, or in smaller increments, in order to lessen the impact on property tax payers. Mr. Bower explained that the bonds were sold in three increments since the election in accordance with the pace of expenditures. He acknowledged that the last sale could have been smaller for cash flow purposes but the cost of bond issuance is the same no matter the bond sizing so an additional issuance cost of \$73,940 for Elementary and \$77,637 for Secondary would have been incurred if another sale were held. Santa Rosa City Schools has always sold bonds on a cash flow basis. Mr. Atkin asked what the rate was on the last sale of bonds. Mr. Bower said he will obtain this information for Mr. Atkin.

Mr. Bower then reviewed some of the individual budget entries in the Master Plans and explained that some projects, including Proctor Terrace, Hidden Valley and Rincon Valley, had to be delayed and revised since initial bids/cost estimates came in well beyond existing budget figures. Mr. Bower concluded his review and encouraged members to take the plans home to review and call with any questions. Ms. DeMartini asked about updates at Fremont listed in 2007/2008 on the Facility Master Plan. Mr. Bower said improvements could possibly take place in summer 2007, however low enrollment numbers and other factors have created a situation wherein several schools, including Fremont, will be analyzed as to their long-term viability as comprehensive

schools. Last week the Board reviewed a document about school changes in the San Juan School District and asked staff to prepare similar data for all of our schools.

Mr. Atkin asked about the original budget versus the current budget entry shown on the master plan. He asked if costs are coming in higher than originally thought. Mr. Bower said that they were but the district has been able to keep the projects going because of other state and local funding sources. Mr. Atkin suggested that the Committee receive a list of projects accomplished with Measures B and C. Mr. Bower pointed out that there are several projects yet to be done and it is his intention to provide this information to the Board as well as to the Citizens' Bond Oversight Committee at the conclusion of the program, most likely after the summer 2007 construction season. Mr. Keck made a motion that a summary comparing the bond fund expenditures to the listings in the ballot be provided when all projects are completed. Mr. Metela seconded the motion. The motion passed 7-0.

Auditor's Statement

Mr. Bower reviewed the email he received from Mr. Habbas Nassar, from Stephen Roatch Accountancy, regarding the 2004/2005 performance audit of Measure B and C expenditures. The actual audit reports won't be issued until December but Mr. Nassar explained in his email that there were no findings of non-compliance in the audit that analyzed approximately 80% of 2004-05 bond fund expenditures.

Asset Replacement

Mr. Atkin reported that The Sonoma County Taxpayers Association would like to see school districts set aside from the general operating fund a reserve for future capital improvements such as roof repairs or parking lot paving or other repairs that can be foreseen and planned for. He indicated that Kenwood School District has done this when he was a Board member there and thus was able to avoid seeking additional taxes from Kenwood residents. He asked if the Committee as a whole had interest in taking a position on this topic. Mr. Keck felt setting aside funds like the private sector must do is prudent but he questioned the funds would come from in light of school operating budgets that are already tight. Mr. Bower explained that the district is required to have 3% reserve, currently at \$4,000,000, and that it be maintained at all times and is also required by law to spend another 3% each year on maintenance. He also noted that the District has participated for years in the State Deferred Maintenance program. Ms. Rudy and Mr. Metala said they did not think is a charge of this Committee even though it may be a good idea. Mr. Keck said he thought the money would have to come from somewhere else anyway. Mr. Atkin thanked the Committee for listening. Mr. Keck said he appreciated that the topic was brought up discussed.

2006 Meeting Dates

The next meetings will take place at 9:00 a.m. on March 17, 2006 and October 13, 2006.

Meeting Adjourned at 10:15 a.m.

Requests for Information: Provide rate on the last bond sale. - True interest cost is 4.41% for Elementary and 4.38% for Secondary.